

Porter Medical Center

Fiscal Year 2016 budget analysis

Report Date:

8/12/2015

Porter Medical Center

Lynn Boggs - CEO

Steve Ciampa - CFO

Summary Budget to Budget Increase

The 2016 budget shows a 4.0% increase over the 2015 budget. About 0.7% of the increase over 3% is due to their bringing "in house" the hospitalist program. The remaining 0.3% is \$218,000 that PMC is over the target. Projections for 2015 indicate that PMC expects to have lower NPR levels in 2015.

Utilization is projected to be 0.5% higher and the budget includes the 4 new FTEs for the hospitalist program. They will discuss the hospitalist program at the hearing.

The operating surplus is budgeted at 0.4% of net revenues; this is lower than the 1.1% margin in 2015. The balance sheet is in average position. The latest financial projections for 2015 show lower NPR and operating surplus is lower than the approved budget level.

The commercial cost shift is increased by \$.7 million, primarily due to Medicaid (\$1 million) and a small increase in bad debt (\$0.2). Medicare is favorable by \$0.5 million, due to improved reimbursement.

Issues to Address at the Hearing

Discuss your 5.5% rate **increase** and the effects on your commercial payers.

Describe the 4% NPR increase and the hospitalist program that has been transferred in.

Discuss the trends being seen in bad debt and free care the last few years.

Discuss the issues around physician recruitment that Porter is experiencing.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
Net Patient Care Revenue	\$ 66,716,573	\$ 72,696,910	\$ 71,864,131	\$ 75,581,081	\$ 2,884,171	4.0%
Other Operating Revenue	\$ 2,832,225	\$ 2,457,909	\$ 2,297,184	\$ 1,959,922	\$ (497,987)	-20.3%
Total Operating Revenue	\$ 69,548,798	\$ 75,154,819	\$ 74,161,315	\$ 77,541,003	\$ 2,386,184	3.2%

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
SALARIES NON MD	\$ 24,004,182	\$ 25,542,469	\$ 25,317,433	\$ 27,072,505	\$ 1,530,036	6.0%
FRINGE BENEFITS NON MD	\$ 6,676,214	\$ 8,041,397	\$ 6,770,274	\$ 7,242,918	\$ (798,479)	-9.9%
FRINGE BENEFITS MD	\$ 2,273,386	\$ 2,126,735	\$ 2,375,133	\$ 2,542,584	\$ 415,849	19.6%
PHYSICIAN FEES SALARIES CONTRACTS & FRINGES	\$ 8,196,179	\$ 8,506,940	\$ 9,542,268	\$ 9,833,109	\$ 1,326,169	15.6%
HEALTH CARE PROVIDER TAX	\$ 3,910,934	\$ 4,016,414	\$ 4,016,414	\$ 4,016,414	\$ -	0.0%
DEPRECIATION AMORTIZATION	\$ 4,501,522	\$ 3,323,577	\$ 3,323,577	\$ 3,390,086	\$ 66,509	2.0%
INTEREST - SHORT TERM	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
INTEREST - LONG TERM	\$ 403,110	\$ 292,066	\$ 285,043	\$ 313,280	\$ 21,214	7.3%
OTHER OPERATING EXPENSE	\$ 21,738,367	\$ 22,473,760	\$ 22,821,947	\$ 22,843,823	\$ 370,063	1.6%
Total Expenses	\$ 71,703,894	\$ 74,323,358	\$ 74,452,089	\$ 77,254,719	\$ 2,931,361	3.9%
Net Operating Income	\$ (2,155,096)	\$ 831,461	\$ (290,774)	\$ 286,284	\$ (545,177)	-65.6%
Operating Margin %	-3.1%	1.1%	-0.4%	0.4%	-0.7%	

Porter Medical Center

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget 2015	Budget 2015-Budget 2016
Utilization							
Acute Care Ave Daily Census	15.3	14.0	14.4	15.0	15.0	0.5	0.6
Total Average Daily Census	18	17	17	19	19	0	1.7
Acute Average Length of Stay	3.5	3.2	3.3	3.4	3.4	0.1	0.1
Acute Admissions	1,597	1,580	1,573	1,593	1,613	-7	40.0
Total Beds (Staffed)	30	30	30	30	30	0	0.0
Adjusted Admissions	6,443	6,515	6,323	6,502	6,355	-192	32.1
Adjusted Days	22,573	21,025	21,171	22,400	21,622	147	450.6
Capital							
Age of Plant	5.3	6.7	10.1	10.0	10.8	3.4	0.7
Long Term Debt to Capitalization	37.2%	34.4%	29.2%	30.9%	27.7%	-5.2%	-1.5%
Capital Expenditures to Depreciation	52.3%	34.5%	119.6%	119.6%	103.0%	85.1%	-16.6%
Debt per Staffed Bed	1,022,474	1,008,268	941,668	980,514	949,191	-66,600	7,523
Net Prop, Plant & Equip per Staffed Bed	804,655	696,850	724,357	717,085	720,949	27,507	-3,408
Debt Service Coverage Ratio	2.9	2.3	3.7	3.5	4.0	1.4	0.3
Revenue							
Deduction %	47.5%	49.9%	49.4%	49.6%	51.4%	-0.5%	2.0%
Bad Debt % of Gross Revenue	3.1%	1.5%	1.9%	2.2%	2.2%	0.4%	0.3%
Free Care % of Gross Revenue	1.2%	1.2%	1.0%	0.9%	0.9%	-0.3%	-0.1%
Operating Margin %	-0.2%	-3.1%	1.1%	-0.4%	0.4%	4.2%	-0.7%
Total Margin %	4.5%	2.4%	5.5%	4.4%	4.5%	3.0%	-1.0%
All Net Patient Revenue % of Gross Rev	51.9%	49.6%	49.9%	49.7%	48.3%	0.3%	-1.6%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	50.9%	42.1%	43.2%	46.7%	42.7%	1.1%	-0.6%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	37.1%	33.8%	34.6%	32.2%	31.6%	0.8%	-3.1%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	58.3%	62.2%	61.8%	58.7%	59.6%	-0.4%	-2.2%
Productivity							
Adjusted Admissions Per FTE	15.8	15.8	14.5	15.2	14.4	-1.3	-0.1
FTEs per 100 Adj Discharges	6.3	6.3	6.9	6.6	6.9	0.6	0.0
Overhead Expense w/ fringe, as a % of Total Operating Exp	27.7%	28.4%	29.0%	28.5%	29.9%	0.7%	0.8%
FTEs Per Adjusted Occupied Bed	6.6	7.2	7.5	7.0	7.4	0.4	-0.1
Cost							
Cost per Adjusted Admission	10,818	11,006	11,755	11,451	12,157	748	402
Salary & Benefits per FTE - Non-MD	72,869	74,434	77,018	74,828	78,016	2,584	998
Compensation Ratio	58.3%	59.2%	58.8%	59.3%	60.2%	-0.3%	1.4%
Capital Cost % of Total Expense	7.3%	6.8%	4.9%	4.8%	4.8%	-2.0%	-0.1%
Liquidity							
Current Ratio	1.8	2.3	2.8	2.5	2.6	0.6	(0.2)
Days Cash on Hand	66.0	83.7	97.0	93.0	99.4	13.2	2.4
Cash to Long Term Debt	0.8	1.1	1.4	1.4	1.6	0.3	0.2
Payer							
DSH % of Total NPR	1.2%	1.0%	1.3%	1.3%	0.7%	0.3%	-0.7%
Medicaid % of Total NPR (incl. DSH)	11.8%	11.8%	11.5%	10.7%	10.9%	-0.3%	-0.6%
Medicare % of Total NPR (incl. DSH)	37.5%	32.2%	33.6%	35.4%	34.1%	1.4%	0.4%
Commercial % of Total NPR (incl. DSH)	49.5%	55.0%	53.5%	52.6%	54.4%	-1.5%	0.9%
Employed							
Non-MD FTEs	408.2	412.2	436.1	428.8	439.9	23.9	3.8
Physician FTEs	35.6	35.0	36.5	35.0	38.3	1.4	1.8
Travelers	3.3	5.3	0.7	6.0	3.2	(4.6)	2.5
Outpatient							
All Outpatient Visits	88,711	67,784	67,651	60,978	60,978	(133)	(6,673)
Operating Room Procedure	3,377	3,578	3,497	3,187	3,228	(81)	(269)
Observation Units	13,960	12,209	12,230	27,876	27,876	21	15,646

1) Porter is submitting a 5.3% increase in overall rates. About \$1 million is expected to be earned if the rate increase is approved. Porter also expects to negotiate an additional \$764,000 with "other insurers" - described as the "commercial ask".

- a) Is the 5.3% amount, on average, the additional amount that commercial payers will be paying?
- b) Describe the different reimbursement agreements you may have when contracting with commercial payers.

2) Porter has submitted a 4.0% NPR increase. About 0.7% of the increase is related to a hospitalist program transfer. Porter's narrative talks about the strategy to bring the hospitalist program in-house. This included 3 MDs and 4 support staff. The narrative says the budget includes an additional \$142,000 above the purchased services that were built in the 2015 budget.

- a) Clarify the rationale to bring the program in-house. Discuss the trade-offs.
- b) Provide a schedule that quantifies the program before and after the transfer. Provide summary net revenues and expenses.
- c) The 0.3% over the target is estimated at \$218,000. Explain the trade-offs of reducing your NPR to meet the target.

3) On the rate page, there is an increase in NPR of \$1 million that is all related to Medicare. Describe this increase.

4) Free care has been very steady over the last several years, recorded at about 1% of gross revenues. Bad debt however, shows much variability, going from 4.3% in 2013, to 2.9% in Budget 2015, and now is budgeted for 3.1% in 2016.

- a) Describe the recent changes you have seen in terms caseloads, patient coverages, billing disputes, etc. that might be influencing the changes. Is there any evidence this is related to higher enrollment and/or shift to Medicaid? Describe any changes in reporting that might be influencing this.

- 5) Porter notes it is trying to recruit another otolaryngologist and is finding it challenging. They have budgeted for a locum tenen until the recruitment is complete. What is the amount budgeted? How does Porter determine that 2 physicians are the right capacity for providing these services? How is the need determined?
- 6) The 2015 projection for Porter shows a \$291,000 loss. Are these projections still valid? If not, describe any material changes.
- 7) Salary per FTE shows a 6.7% increase. Explain this increase.
- 8) Does the Medicare reimbursement estimate include any disallowance related to the provider tax? If so, quantify this and how Porter is handling this item.
- 9) Porter has budgeted a small operating surplus (0.2%) as it is relying on 340B monies in the non-operating surplus account to support operations.
 - a) Most other hospitals report 340B as an operating revenue. Is it a problem for Porter if this is requested to be reclassified?
- 10) Porter describes the need to meet an unfunded pension liability in its "frozen defined benefit plan". A \$1 million is planned to reduce the liability. What is the amount of the liability? How might it change going forward?

Porter Medical Center
PROFIT & LOSS STATEMENT

	2014A	2015B	2015P	2016B	2015B-2016B	2016B
REVENUES						
INPATIENT	\$32,313,292	\$35,763,460	\$34,939,028	\$39,463,635	\$3,700,175	10.3%
OUTPATIENT	\$100,550,598	\$107,725,803	\$106,429,684	\$114,877,846	\$7,152,043	6.6%
PHYSICIAN	\$0	\$0	\$0	\$0	\$0	0.0%
CHRONIC REHAB	\$0	\$0	\$0	\$0	\$0	0.0%
SNF/ECF	\$0	\$0	\$0	\$0	\$0	0.0%
SWING BEDS	\$373,219	\$266,493	\$1,237,473	\$1,139,575	\$873,082	327.6%
GROSS PATIENT CARE REVENUE	\$133,237,109	\$143,755,756	\$142,606,185	\$155,481,056	\$11,725,300	8.2%
DISPROPORTIONATE SHARE PAYMENTS	\$691,760	\$962,327	\$962,327	\$501,426	-\$460,901	-47.9%
BAD DEBT	-\$2,006,853	-\$2,740,946	-\$3,146,419	-\$3,429,666	-\$688,720	-25.1%
FREE CARE	-\$1,647,438	-\$1,383,920	-\$1,242,796	-\$1,354,675	\$29,245	2.1%
GRADUATE MEDICAL EDUCATION	\$0	\$0	\$0	\$0	\$0	0.0%
DEDUCTIONS FROM REVENUE	-\$63,558,005	-\$67,896,307	-\$67,315,166	-\$75,617,060	-\$7,720,753	-11.4%
NET PATIENT CARE REVENUE	\$66,716,573	\$72,696,910	\$71,864,131	\$75,581,081	\$2,884,171	4.0%
OTHER OPERATING REVENUE	\$2,832,225	\$2,457,909	\$2,297,184	\$1,959,922	-\$497,987	-20.3%
TOTAL OPERATING REVENUE	\$69,548,798	\$75,154,819	\$74,161,315	\$77,541,003	\$2,386,184	3.2%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	71,703,894	74,323,358	74,452,089	77,254,719	\$2,931,361	3.9%
NET OPERATING INCOME (LOSS)	-\$2,155,096	\$831,461	-\$290,774	\$286,284	-\$545,177	-65.6%
NON-OPERATING REVENUE	\$3,941,525	\$3,458,858	\$3,732,801	\$3,355,339	-\$103,519	-3.0%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$1,786,429	\$4,290,319	\$3,442,027	\$3,641,623	-\$648,696	-15.1%

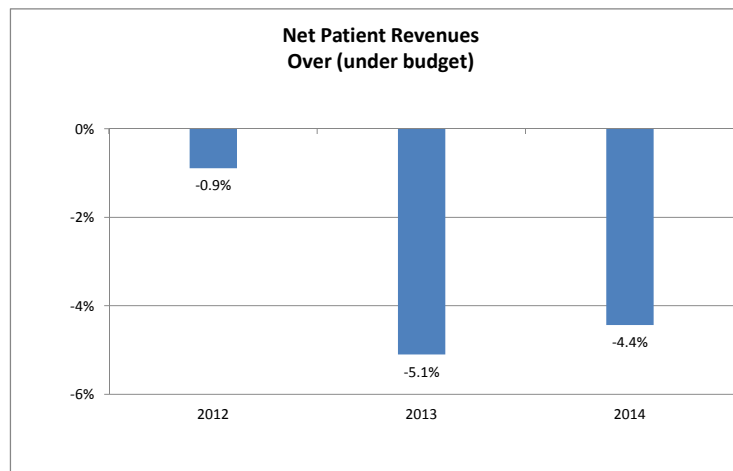
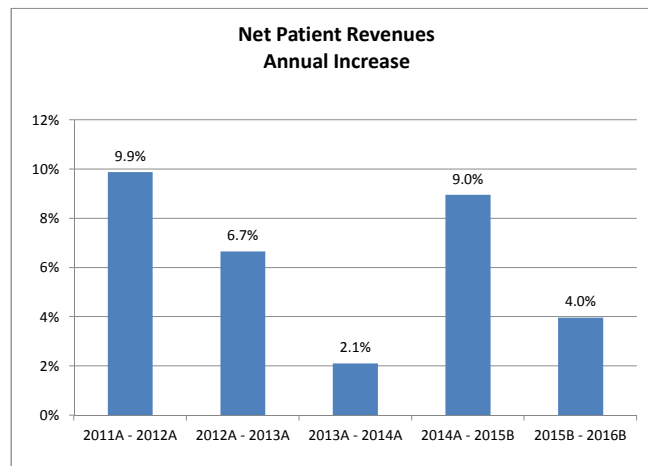
Physician revenue activity is included in the Outpatient revenue line. GMCB staff are working with hospitals to consistently align and report the information.

Unfavorable changes in bad debt will be discussed.

Higher expenses are driven primarily by wage increases and benefits, 4 new FTEs, and 2 new physicians, (see narrative).

Operating income has been reduced in 2016 .

Non Operating Income includes 340 B program (pharmacy) net proceeds.



NET PATIENT REVENUE PAYER MIX

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 962,327	\$ 501,426	\$ (460,901)
Medicaid	\$ 8,395,431	\$ 8,257,688	\$ (137,743)
Medicare	\$ 24,451,239	\$ 25,736,584	\$ 1,285,345
Commercial/self pay/Wcomp	\$ 38,887,909	\$ 41,085,385	\$ 2,197,476
TOTAL	\$ 72,696,905	\$ 75,581,083	\$ 2,884,178
			4.0%

NPR shows a 4.0% increase over the 2015 budget. This increase can be described as follows:

	<u>Millions</u>	<u>% Share</u>
Rate Increase	\$ 0.9	1.3%
Commercial Ask Negotiations	\$ 0.7	1.0%
Physician Practice Transfers	\$ -	0.0%
Bad Debt/Free Care Improvem	\$ 0.7	0.9%
Disproportionate Share Loss	\$ (0.5)	-0.6%
Utilization Gain/Loss	\$ (0.5)	-0.7%
Health Care Reform Investmen	\$	0.0%
Hospitalist transfer	\$ 0.5	0.7%
Other Change	\$ 1.0	1.4%
	\$ 2.9	4.0%

This schedule presents net patient revenue change for the hospital. Essentially, this is a summary of who will pay the bill for the increases in the budget.

The 2016 budget shows a 4.0% increase over the 2015 budget. About 0.7% of the increase is due to PMC bringing hospitalists in-house. See the narrative.

They did not request any "allowance" for health care investments.

PMC budgeted an increase in NPR in anticipation of negotiating better reimbursement. The increase noted as "other change" is all related to Medicare and will be explained.

Favorable changes in bad debt were offset some by a reduction in disproportionate share.

Utilization is budgeted to decline \$.5 million. This is offset some by "other changes" such as better reimbursement and favorable changes in mix of services.

Porter Medical Center**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 962,327	\$ 501,426	\$ (460,901)
Medicaid	\$ 5,878,373	\$ 5,604,802	\$ (273,571)
Medicare	\$ 20,156,221	\$ 21,925,050	\$ 1,768,829
Commercial/self pay/Wcomp	\$ 32,999,614	\$ 35,472,109	\$ 2,472,495
TOTAL	\$ 59,996,535	\$ 63,503,387	\$ 3,506,852

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 2,517,058	\$ 2,652,886	\$ 135,828
Medicare	\$ 4,295,018	\$ 3,811,534	\$ (483,484)
Commercial/self pay/Wcomp	\$ 5,888,295	\$ 5,613,276	\$ (275,019)
TOTAL	\$ 12,700,371	\$ 12,077,696	\$ (622,675)

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 962,327	\$ 501,426	\$ (460,901)
Medicaid	\$ 8,395,431	\$ 8,257,688	\$ (137,743)
Medicare	\$ 24,451,239	\$ 25,736,584	\$ 1,285,345
Commercial/self pay/Wcomp	\$ 38,887,909	\$ 41,085,385	\$ 2,197,476
TOTAL	\$ 72,696,905	\$ 75,581,083	\$ 2,884,178

This schedule breaks out the net patient revenue changes between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician. This is because price changes, reimbursement, and utilization will differ for those services.

Our analysis finds a significant increase in hospital Commercial NPR related to rate and "commercial ask" negotiations.

In addition, we find a \$0.5 million reduction in physician Medicare revenue but a \$1.8 million increase in Medicare hospital. PMC will address this.

The disproportionate share change has been verified and a reduction will have an unfavorable effect on rate.

Porter Medical Center
RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
Porter Medical Center	5.0%	6.0%	5.0%	5.3%	5.3%
Weighted Average All Hospitals				4.3%	

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates
Hospital Inpatient	5.9%		
Hospital Outpatient	6.7%		
Professional Services	0.0%		
Nursing Home	0.0%		
Home Health	0.0%		
Other	0.0%		
Summary price request	5.3%	\$ 7,579,008	\$ 945,935

		Gross Revenue from Other	Net revenue from Other
Commercial Ask Negotiations			\$ 733,994
Utilization			\$ (523,681)
Physician Acquisition or reduction			\$ -
Other major program change			\$ 496,902
Free care			\$ (29,247)
Bad debt			\$ 688,720
Dispro share change			\$ (460,901)
Other NPR changes			\$ 1,032,455
Summary Other (non-price) request		\$ 4,146,298	\$ 1,938,242

Total NPR Increase Due to Price and Other	\$ 11,725,306	\$ 2,884,177
---	---------------	--------------

Commercial Payer	Self Pay/Other	Medicaid	Medicare	
\$ 650,482	\$ 295,453	\$ -	\$ -	

Commercial Payer	Self Pay/Other	Medicaid	Medicare	DSH
\$ 733,994	\$ -	\$ -	\$ -	\$ -
\$ (297,128)	\$ (15,638)	\$ (210,915)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 163,110	\$ 7,730	\$ 73,172	\$ 252,890	\$ -
\$ -	\$ (29,247)	\$ -	\$ -	\$ -
\$ -	\$ 688,720	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (460,901)
\$ -	\$ -	\$ -	\$ 1,032,455	\$ -
\$ 599,976	\$ 651,565	\$ (137,743)	\$ 1,285,345	\$ (460,901)

\$ 1,250,458	\$ 947,018	\$ (137,743)	\$ 1,285,345	\$ (460,901)
--------------	------------	--------------	--------------	--------------

The rate increase is a weighted average of 5.3% with a 5.9% increase budgeted for inpatient, and a 6.7% increase budgeted for outpatient and no increases for physician services. The rate will generate just under \$1.0 million of the overall \$2.8 million increase in Net patient revenues (NPR).

The "Other major program change" is a reflection of the hospitalist program being added. The "Other NPR change" of \$1 million is related to Medicare and will be discussed.

Porter Medical Center
UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
Utilization							
ADJUSTED ADMISSIONS	6,720	6,443	6,515	6,323	6,502	6,355	0.5%
ACUTE ADMISSIONS	1,581	1,597	1,580	1,573	1,593	1,613	2.5%
AVERAGE LENGTH OF STAY	3.3	3.5	3.2	3.3	3.4	3.4	1.6%
OUTPATIENT OPERATING ROOM PROCEDURES	2,616	3,377	3,578	3,497	3,187	3,228	-7.7%
LABORATORY TESTS	258,692	223,155	189,851	216,075	183,612	183,612	-15.0%
EMERGENCY ROOM VISITS	17,071	15,102	15,016	14,865	14,672	14,672	-1.3%
RADIOLOGY-DIAGNOSTIC & CT SCANS	18,902	26,256	27,129	25,620	29,912	29,912	16.8%
MRIs	1,323	1,094	1,057	1,100	1,037	1,037	-5.7%
PHYSICIAN OFFICE VISITS	85,628	83,318	94,177	100,713	-	107,220	6.5%
CLINIC VISITS	-	-	-	-	90,575	-	0.0%

Budgeted 2016 utilization (adjusted admissions) shows a slight increase from 2015 budget levels.

There is a large increase in radiology and physician visits. Other areas appear to have been overstated in the 2015 budget.

Staffing							
NON-MD FTE	392	408	412	436	429	440	3.8
TRAVELERS	3.5	3.3	5.3	0.7	6.0	3.2	2.5
RESIDENTS & FELLOWS	-	-	-	-	-	-	0.0
MLPs	-	-	-	-	-	-	0.0
PHYSICIAN FTEs	32.8	35.6	35.0	36.5	35.0	38.3	1.8
TOTAL MD AND NON MD FTES	428.3	447.1	452.5	473.2	469.9	481.3	8.1
SALARY PER FTE - NON-MD	55,336	57,279	58,237	57,660	59,040	61,549	6.7%
SALARY & BENEFIT PER FTE - NON-MD	71,874	72,869	74,434	77,018	74,828	78,016	1.3%
FTES PER ADJUSTED OCCUPIED BED	6.5	6.6	7.2	7.5	7.0	7.4	-1.2%
FTES PER 100 ADJUSTED DISCHARGES	5.8	6.3	6.3	6.9	6.6	6.9	0.4%

Non MD staffing is increasing by 4, all to support the hospitalist program.

The increase for salary per FTE looks high. PMC will explain.

Productivity indicators are steady.

BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
Cash & Investments	\$11,294,136	\$14,213,829	\$13,504,237	\$15,406,078
Total Current Assets	\$27,332,098	\$28,824,370	\$27,956,592	\$29,743,592
Total Board Designated Assets	\$4,122,618	\$4,645,679	\$4,627,264	\$4,703,464
Total Net, Property, Plant And Equipment	\$20,905,487	\$21,730,708	\$21,512,553	\$21,628,478
Other Long-Term Assets	\$3,778,203	\$4,881,089	\$4,761,851	\$5,044,668
Total Assets	\$56,138,406	\$60,081,846	\$58,858,260	\$61,120,202
Total Current Liabilities	\$12,083,400	\$10,158,615	\$11,147,901	\$11,298,128
Long-Term Debt	\$13,586,633	\$13,110,442	\$13,196,884	\$12,508,143
Other Noncurrent Liabilities	\$4,578,000	\$4,980,969	\$5,070,621	\$4,669,452
Total Fund Balance	\$25,890,416	\$31,831,820	\$29,442,854	\$32,644,479
Total Liabilities and Equities	\$56,138,449	\$60,081,846	\$58,858,260	\$61,120,202

The hospital's overall balance sheet shows a continued improvement in net assets (fund balance).

Debt is trending lower and cash and Board Designated Assets are steady.

Hospital				
Net Increase/Decrease in Cash	\$ 3,360,096	\$ 962,155	\$ 2,210,058	\$ 1,192,249
Days Cash on Hand	84	97	93	99
Cash to Long Term Debt	1.1	1.4	1.4	1.6
Long Term Debt to Capitalization	34.4%	29.2%	30.9%	27.7%
Debt Service Coverage Ratio	2.3	3.7	3.5	4.0

PMC's cash is expected to improve in Budget 2016. Debt indicators also show improvement in the next year.

Cash measures compare unfavorably against the system average but are showing improvement.

Debt measures are improving and the debt position is favorable compared to the system.

System Average				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (11,067,200)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.3%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

Porter Medical Center
CAPITAL BUDGET

	2014 Actuals	2015 Budget Approved	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$1,551,918	\$3,974,628	\$3,974,628	\$3,492,355	\$3,597,126	\$3,705,040	\$3,816,191
Certificate of Need Capital Plans		\$0	\$0	\$0	\$3,000,000	\$0	\$8,000,000
Total Capital Purchases	\$1,551,918	\$3,974,628	\$3,974,628	\$3,492,355	\$6,597,126	\$3,705,040	\$11,816,191

Hospital

Age of Plant (years)	6.7	10.1	10.0	10.8	helps understand the status of all fixed assets		
Capital Expenditures to Depreciation	34.5%	119.6%	119.6%	103.0%	helps to understand current level of capital spend		
Capital Cost % of Budget	6.8%	4.9%	4.8%	4.8%	helps understand relative share of depr & interest		

System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Age of plant is increasing in Bud 16 but compares favorably with the Vermont hospital system.

PMC spending has been slower than the system over the last few years and explains in part why capital cost % of budget is lower than the system.

Non CON capital items include both building improvements and equipment of \$3.5 million. PMC has no CONs planned in 2016 - a couple of CONs are listed below that may occur in the next few years.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non Certificate of Need Detail				
Construction in Progress (Non-CON > \$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON > \$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON > \$500K)	\$0	\$0	\$0	\$0
Total Fixed Equipment (Non-CON > \$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON > \$500K)	\$0	\$0	\$999,999	\$0
Other Non CON Items under \$500,000	\$3,492,355	\$3,597,126	\$2,705,041	\$3,816,191
Total Non-Certificate of Need Capital Purchases	\$3,492,355	\$3,597,126	\$3,705,040	\$3,816,191

Certificate of Need Plans

Certificate of Need Proposals				
IT Upgrade to MT 6.1 (Porter Medical Center)	\$ -	\$3,000,000	\$ -	\$ -
Physicians building (Porter Medical Center)	\$ -	\$ -	\$ -	\$8,000,000
Total Certificate of Need Proposals	\$ -	\$3,000,000	\$ -	\$8,000,000